

NYS 2012-13 Executive Budget and Reform Plan



January, 2012

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There is strength in numbers that advance your interests at the State, local, and Federal levels of government

We need YOU and your
friends and former
coworkers as members.

**FORWARD THIS E-Mail
to as many friends and
former coworkers and
ask them to join**



keep you informed.

Keeping You Informed

The Executive Budget was submitted yesterday. Actual details and cost projections are required, especially to ascertain the viability of the revenue claims and savings. The following represent the issues most affecting retirees. RPEA will study these proposals and continue to monitor them to



Employer Group Waiver Plans

The State currently provides prescription drug coverage to its retirees and receives a Retiree Drug Subsidy (RDS) from the Federal government.

However, as a result of reforms in the Patient Protection and Affordable Care Act (PPACA), the State will receive greater Medicare Part D reimbursements by switching its retiree drug coverage to Employer Group Waiver Plans (EGWPs commonly called Egg Whips) that are approved by the Federal government. Such plans will allow retirees to enjoy their current level of benefits while maximizing Federal reimbursement for State retiree prescription drug coverage.

RPEA will have an article on EGWPs in our next issue of the newsletter.

Public Authority Medicare Part B Cost Sharing

The 2010-11 Enacted Budget required State employees and retirees to contribute toward the cost of Medicare Part B premium reimbursement for the first time. Under such reform, however, only employees and retirees of State agencies contribute toward the cost of such premium reimbursement.

Extending the change to employees of certain State public authorities will save an additional \$11 million annually.



Accelerate Pension Payment

The State will have over \$1 billion in outstanding pension obligations associated with current and prior year amortizations in FY 2011-12. By paying an additional \$100 million in pension contributions in the current year to pay down these obligations, the State will realize recurring savings of \$30 million beginning in FY 2012-13.

Tier VI Pension Reform proposal for new public employees

Changes include increasing employee contributions in a progression fashion based on salary, raising the retirement age, decreasing the pension multiplier, excluding overtime and other payments from the formula used to calculate final average salary for pension allowances, and by making a defined contribution option available to all employees. The defined contribution option offers a portability and vesting feature not currently available, and requires both employees and employers to share in the risks and rewards of market volatility.